

REFERENCE TITLE: water supply development; urban; rural fund

State of Arizona
Senate
Forty-eighth Legislature
First Regular Session
2007

SB 1608

Introduced by
Senator Flake

AN ACT

AMENDING SECTIONS 41-3014.06, 49-1201, 49-1202, 49-1203, 49-1261, 49-1263, 49-1264, 49-1265 AND 49-1267, ARIZONA REVISED STATUTES; CHANGING THE DESIGNATION OF TITLE 49, CHAPTER 8, ARTICLE 2, ARIZONA REVISED STATUTES, TO "CLEAN WATER REVOLVING FUND, DRINKING WATER REVOLVING FUND AND HARDSHIP GRANT FUND FINANCIAL PROVISIONS"; AMENDING TITLE 49, CHAPTER 8, ARIZONA REVISED STATUTES, BY ADDING ARTICLE 3; MAKING APPROPRIATIONS; RELATING TO THE WATER INFRASTRUCTURE FINANCE PROGRAM; PROVIDING FOR CONDITIONAL ENACTMENT.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 41-3014.06, Arizona Revised Statutes, is amended to
3 read:

4 41-3014.06. Water infrastructure finance authority; termination
5 July 1, 2014

6 A. The water infrastructure finance authority terminates on July 1,
7 2014.

8 B. Sections 49-1201 through 49-1204, 49-1224 through 49-1226, 49-1244,
9 49-1245, 49-1246, ~~and~~ 49-1261 through ~~49-1268~~ 49-1269 AND 49-1274 THROUGH
10 49-1283 are repealed on January 1, 2015, if the authority:

11 1. Has no outstanding contractual obligations with the United States
12 or any United States agency.

13 2. Has no debts, obligations or guarantees that were issued for the
14 purposes of title 49, chapter 8.

15 3. Has otherwise provided for paying or retiring such debts or
16 obligations.

17 C. If any debt or obligation listed in subsection B of this section
18 exists and no satisfactory provision has been made to pay or retire the debt
19 or obligation, the authority and statutes shall continue in existence until
20 the debt or obligation is fully satisfied.

21 Sec. 2. Section 49-1201, Arizona Revised Statutes, is amended to read:

22 49-1201. Definitions

23 In this ~~article~~ CHAPTER, unless the context otherwise requires:

24 1. "Authority" means the water infrastructure finance authority of
25 Arizona.

26 2. "Board" means the board of directors of the authority.

27 3. "Bonds of a political subdivision" means bonds issued by a
28 political subdivision as authorized by law.

29 4. "Clean water act" means the federal water pollution control act
30 amendments of 1972 (P.L. 92-500; 86 Stat. 816), as amended by the water
31 quality act of 1987 (P.L. 100-4; 101 Stat. 7).

32 5. "COMMITTEE" MEANS THE URBAN WATER SUPPLY DEVELOPMENT FUND COMMITTEE
33 ESTABLISHED BY SECTION 49-1202, SUBSECTION B OR THE RURAL WATER SUPPLY
34 DEVELOPMENT FUND COMMITTEE ESTABLISHED BY SECTION 49-1202, SUBSECTION C, AS
35 THE CONTEXT REQUIRES.

36 ~~5-~~ 6. "Drinking water facility" means a community water system or a
37 nonprofit noncommunity water system as defined in the safe drinking water act
38 (P.L. 93-523; 88 Stat. 1660; P.L. 95-190; 91 Stat. 1393; P.L. 104-182; 110
39 Stat. 1613) that is located in this state. For THE purposes of this article,
40 drinking water facility does not include water systems owned by federal
41 agencies.

42 ~~6-~~ 7. "Financial assistance loan repayment agreement" means an
43 agreement to repay a loan provided to design, construct, acquire,
44 rehabilitate or improve water or wastewater infrastructure, related property

1 and appurtenances OR A LOAN PROVIDED TO FINANCE A WATER SUPPLY DEVELOPMENT
2 PROJECT.

3 ~~7-~~ 8. "Indian tribe" means any Indian tribe, band, group or community
4 that is recognized by the United States secretary of the interior and that
5 exercises governmental authority within the limits of any Indian reservation
6 under the jurisdiction of the United States government, notwithstanding the
7 issuance of any patent and including rights-of-way running through the
8 reservation.

9 ~~8-~~ 9. "Nonpoint source project" means a project designed to implement
10 a certified water quality management plan.

11 ~~9-~~ 10. "Political subdivision" means a county, city, town or special
12 taxing district authorized by law to construct wastewater treatment
13 facilities, drinking water facilities or nonpoint source projects.

14 ~~10-~~ 11. "Safe drinking water act" means the federal safe drinking
15 water act (P.L. 93-523; 88 Stat. 1660; P.L. 95-190; 91 Stat. 1393; P.L.
16 104-182; 110 Stat. 1613), as amended in 1996.

17 ~~11-~~ 12. "Technical assistance loan repayment agreement" means EITHER
18 OF THE FOLLOWING:

19 (a) An agreement to repay a loan provided to develop, plan and design
20 water or wastewater infrastructure, related property and appurtenances. The
21 agreement shall be for a term of not more than three years and the maximum
22 amount that may be borrowed is limited to not more than five hundred thousand
23 dollars.

24 (b) AN AGREEMENT TO REPAY A LOAN PROVIDED TO DEVELOP, PLAN OR DESIGN A
25 WATER SUPPLY DEVELOPMENT PROJECT.

26 ~~12-~~ 13. "Wastewater treatment facility" means a treatment works, as
27 defined in section 212 of the clean water act, that is located in this state
28 and that is designed to hold, cleanse or purify or to prevent the discharge
29 of untreated or inadequately treated sewage or other polluted waters for
30 purposes of complying with the clean water act.

31 14. "WATER PROVIDER" MEANS ANY OF THE FOLLOWING:

32 (a) A CITY, TOWN, SPECIAL TAXING DISTRICT, PUBLIC SERVICE CORPORATION
33 OR INDIAN TRIBE THAT SUPPLIES WATER FOR MUNICIPAL, INDUSTRIAL, COMMERCIAL OR
34 DOMESTIC PURPOSES.

35 (b) A COUNTY WATER AUGMENTATION AUTHORITY ESTABLISHED UNDER TITLE 45,
36 CHAPTER 11.

37 (c) A COUNTY WATER AUTHORITY ESTABLISHED UNDER TITLE 45, CHAPTER 13.

38 15. "WATER SUPPLY DEVELOPMENT" MEANS EITHER OF THE FOLLOWING:

39 (a) THE ACQUISITION OF WATER OR RIGHTS TO OR CONTRACTS FOR WATER TO
40 AUGMENT THE WATER SUPPLY OF A WATER PROVIDER.

41 (b) THE DEVELOPMENT OF FACILITIES FOR ANY OF THE FOLLOWING PURPOSES:

42 (i) CONVEYANCE, STORAGE OR RECOVERY OF WATER.

43 (ii) RECLAMATION AND REUSE OF WATER.

44 (iii) REPLENISHMENT OF GROUNDWATER.

1 Sec. 3. Section 49-1202, Arizona Revised Statutes, is amended to read:
2 49-1202. Water infrastructure finance authority of Arizona:
3 board; urban and rural water supply development fund
4 committees; violation; classification

5 A. The water infrastructure finance authority of Arizona is
6 established. A board of directors shall govern the authority. The board of
7 directors consists of:

8 1. The director of environmental quality, or the director's
9 representative, who serves as chairman.

10 2. The director of the department of commerce or the director's
11 representative.

12 3. The state treasurer or the treasurer's representative.

13 4. One member WHO IS appointed by the governor to represent
14 municipalities with populations of fifty thousand persons or more ~~according~~
15 ~~to the most recent United States decennial census.~~

16 5. One member WHO IS appointed by the governor to represent
17 municipalities with populations of less than fifty thousand persons from a
18 county with a population of less than five hundred thousand persons ~~according~~
19 ~~to the most recent United States decennial census.~~

20 6. One member WHO IS appointed by the governor to represent counties
21 with populations of five hundred thousand persons or more ~~according to the~~
22 ~~most recent United States decennial census.~~

23 7. One member WHO IS appointed by the governor to represent sanitary
24 districts in counties with populations of less than five hundred thousand
25 persons ~~according to the most recent United States decennial census.~~

26 8. The director of water resources or the director's representative.

27 9. The chairman of the Arizona corporation commission or the
28 chairman's representative.

29 10. One member WHO IS appointed by the governor from a public water
30 system that serves five hundred persons or more.

31 11. One member WHO IS appointed by the governor from a public water
32 system that serves fewer than five hundred persons.

33 12. One member WHO IS appointed by the governor to represent Indian
34 tribes.

35 B. THE URBAN WATER SUPPLY DEVELOPMENT FUND COMMITTEE OF THE AUTHORITY
36 IS ESTABLISHED TO PROVIDE WATER SUPPLY DEVELOPMENT AND WATERSHED IMPROVEMENT
37 PROJECTS IN THE AREA SERVED BY THE CENTRAL ARIZONA PROJECT. THE COMMITTEE
38 CONSISTS OF:

39 1. THE DIRECTOR OF WATER RESOURCES, OR THE DIRECTOR'S REPRESENTATIVE,
40 WHO SERVES AS CHAIRPERSON OF THE COMMITTEE.

41 2. THE DIRECTOR OF ENVIRONMENTAL QUALITY, OR THE DIRECTOR'S
42 REPRESENTATIVE, WHO SERVES AS VICE-CHAIRPERSON OF THE COMMITTEE.

43 3. THE CHAIRMAN OF THE ARIZONA CORPORATION COMMISSION OR THE
44 CHAIRMAN'S REPRESENTATIVE.

45 4. THE STATE TREASURER OR THE TREASURER'S REPRESENTATIVE.

1 5. ONE MEMBER WHO IS APPOINTED BY THE GOVERNOR TO REPRESENT
2 MUNICIPALITIES WITH POPULATIONS OF FIFTY THOUSAND PERSONS OR MORE BUT LESS
3 THAN ONE HUNDRED THOUSAND PERSONS IN THE CENTRAL ARIZONA PROJECT SERVICE
4 AREA.

5 6. ONE MEMBER WHO IS APPOINTED BY THE GOVERNOR TO REPRESENT
6 MUNICIPALITIES WITH POPULATIONS OF LESS THAN FIFTY THOUSAND PERSONS FROM A
7 COUNTY WITH A POPULATION OF LESS THAN FIVE HUNDRED THOUSAND PERSONS IN THE
8 CENTRAL ARIZONA PROJECT SERVICE AREA.

9 7. ONE MEMBER WHO IS APPOINTED BY THE GOVERNOR TO REPRESENT COUNTIES
10 WITH POPULATIONS OF LESS THAN TWO HUNDRED THOUSAND PERSONS IN THE CENTRAL
11 ARIZONA PROJECT SERVICE AREA.

12 8. ONE MEMBER WHO IS APPOINTED BY THE GOVERNOR TO REPRESENT COUNTIES
13 WITH POPULATIONS OF ONE MILLION PERSONS OR MORE IN THE CENTRAL ARIZONA
14 PROJECT SERVICE AREA.

15 9. ONE MEMBER WHO IS APPOINTED BY THE GOVERNOR TO REPRESENT CITIES
16 WITH POPULATIONS OF MORE THAN ONE HUNDRED THOUSAND PERSONS IN COUNTIES WITH
17 POPULATIONS OF MORE THAN ONE MILLION PERSONS.

18 10. ONE MEMBER WHO IS APPOINTED BY THE GOVERNOR FROM A PUBLIC SERVICE
19 CORPORATION THAT SERVES ONE THOUSAND EIGHT HUNDRED FIFTY PERSONS OR MORE.

20 11. ONE MEMBER WHO IS APPOINTED BY THE GOVERNOR FROM A PUBLIC WATER
21 SYSTEM THAT SERVES FEWER THAN ONE THOUSAND EIGHT HUNDRED FIFTY PERSONS.

22 12. ONE MEMBER WHO IS APPOINTED BY THE GOVERNOR TO REPRESENT INDIAN
23 TRIBES.

24 C. THE RURAL WATER SUPPLY DEVELOPMENT FUND COMMITTEE OF THE AUTHORITY
25 IS ESTABLISHED TO PROVIDE WATER SUPPLY DEVELOPMENT AND WATERSHED IMPROVEMENT
26 PROJECTS IN AREAS THAT ARE NOT SERVED BY THE CENTRAL ARIZONA PROJECT. THE
27 COMMITTEE CONSISTS OF:

28 1. THE DIRECTOR OF WATER RESOURCES, OR THE DIRECTOR'S REPRESENTATIVE,
29 WHO SERVES AS A CHAIRPERSON OF THE COMMITTEE.

30 2. THE DIRECTOR OF ENVIRONMENTAL QUALITY, OR THE DIRECTOR'S
31 REPRESENTATIVE, WHO SERVES AS A VICE-CHAIRPERSON OF THE COMMITTEE.

32 3. THE CHAIRMAN OF THE ARIZONA CORPORATION COMMISSION OR THE
33 CHAIRMAN'S REPRESENTATIVE.

34 4. THE STATE TREASURER OR THE TREASURER'S REPRESENTATIVE.

35 5. ONE MEMBER WHO IS APPOINTED BY THE GOVERNOR TO REPRESENT
36 MUNICIPALITIES WITH POPULATIONS OF FIFTY THOUSAND PERSONS OR MORE BUT LESS
37 THAN ONE HUNDRED THOUSAND PERSONS IN AREAS OUTSIDE OF THE CENTRAL ARIZONA
38 PROJECT SERVICE AREA.

39 6. ONE MEMBER WHO IS APPOINTED BY THE GOVERNOR TO REPRESENT
40 MUNICIPALITIES WITH POPULATIONS OF LESS THAN FIFTY THOUSAND PERSONS FROM A
41 COUNTY WITH A POPULATION OF LESS THAN FIVE HUNDRED THOUSAND PERSONS IN AREAS
42 OUTSIDE OF THE CENTRAL ARIZONA PROJECT SERVICE AREA.

43 7. ONE MEMBER WHO IS APPOINTED BY THE GOVERNOR TO REPRESENT COUNTIES
44 WITH POPULATIONS OF LESS THAN TWO HUNDRED THOUSAND PERSONS IN AREAS OUTSIDE
45 OF THE CENTRAL ARIZONA PROJECT SERVICE AREA.

1 8. ONE MEMBER WHO IS APPOINTED BY THE GOVERNOR TO REPRESENT COUNTIES
2 WITH POPULATIONS OF TWO HUNDRED THOUSAND PERSONS OR MORE BUT LESS THAN ONE
3 MILLION PERSONS.

4 9. ONE MEMBER WHO IS APPOINTED BY THE GOVERNOR FROM A PUBLIC SERVICE
5 CORPORATION THAT SERVES ONE THOUSAND EIGHT HUNDRED FIFTY PERSONS OR MORE.

6 10. ONE MEMBER WHO IS APPOINTED BY THE GOVERNOR FROM A PUBLIC WATER
7 SYSTEM THAT SERVES FEWER THAN ONE THOUSAND EIGHT HUNDRED FIFTY PERSONS.

8 ~~B-~~ D. Members OF THE BOARD AND THE COMMITTEES WHO ARE appointed by
9 the governor serve at the governor's pleasure and serve staggered five year
10 terms. Members of the board AND THE COMMITTEES are not eligible to receive
11 compensation for their services but are eligible for reimbursement for travel
12 and other expenses pursuant to title 38, chapter 4, article 2. Members of
13 the board AND THE COMMITTEES are public officers for purposes of title 38,
14 and the authority ~~is a~~ AND THE COMMITTEES ARE public ~~body~~ BODIES for purposes
15 of title 38, chapter 3, article 3.1.

16 ~~C-~~ E. Members of the board shall not have any direct or indirect
17 personal financial interest in any clean water or drinking water project
18 financed under this article. MEMBERS OF THE COMMITTEES SHALL NOT HAVE ANY
19 DIRECT OR INDIRECT PERSONAL FINANCIAL INTEREST IN ANY WATER SUPPLY
20 DEVELOPMENT PROJECT FINANCED UNDER THIS ARTICLE. For THE purposes of this
21 subsection, a member of the board OR A COMMITTEE who is a full-time employee
22 of a participant in or applicant for a loan does not have a direct or
23 indirect personal financial interest in a project. A violation of this
24 subsection is a class 1 misdemeanor.

25 ~~D-~~ F. The department of environmental quality shall provide clerical
26 support and office and meeting space to the board.

27 G. THE DEPARTMENT OF WATER RESOURCES SHALL PROVIDE TECHNICAL
28 ASSISTANCE TO THE COMMITTEES AS REQUESTED BY THE COMMITTEES.

29 Sec. 4. Section 49-1203, Arizona Revised Statutes, is amended to read:
30 49-1203. Powers and duties of authority; definition

31 A. The authority is a corporate and politic body and shall have an
32 official seal that shall be judicially noticed. The authority may sue and be
33 sued, contract and acquire, hold, operate and dispose of property.

34 B. The authority, through its board, may:

35 1. Issue negotiable water quality bonds pursuant to section 49-1261
36 for the following purposes:

37 (a) To generate the state match required by the clean water act for
38 the clean water revolving fund and to generate the match required by the safe
39 drinking water act for the drinking water revolving fund.

40 (b) To provide financial assistance to political subdivisions, Indian
41 tribes and eligible drinking water facilities for constructing, acquiring or
42 improving wastewater treatment facilities, drinking water facilities,
43 nonpoint source projects and other related water quality facilities and
44 projects.

1 2. ISSUE WATER SUPPLY DEVELOPMENT BONDS FOR THE PURPOSE OF PROVIDING
2 FINANCIAL ASSISTANCE TO WATER PROVIDERS FOR WATER SUPPLY DEVELOPMENT PURPOSES
3 AND WATERSHED IMPROVEMENT PURPOSES PURSUANT TO SECTIONS 49-1274 AND 49-1275.

4 ~~2-~~ 3. Provide financial assistance to political subdivisions and
5 Indian tribes from monies in the clean water revolving fund to finance
6 wastewater treatment projects.

7 ~~3-~~ 4. Provide financial assistance to drinking water facilities from
8 monies in the drinking water revolving fund to finance these facilities.

9 5. PROVIDE FINANCIAL ASSISTANCE TO WATER PROVIDERS FROM MONIES IN THE
10 WATER SUPPLY DEVELOPMENT REVOLVING FUND TO FINANCE WATER SUPPLY DEVELOPMENT
11 AND WATERSHED IMPROVEMENT PROJECTS.

12 ~~4-~~ 6. Guarantee debt obligations of, and provide linked deposit
13 guarantees through third party lenders to:

14 (a) Political subdivisions that are issued to finance wastewater
15 treatment projects.

16 (b) Drinking water facilities that are issued to finance these
17 facilities.

18 (c) WATER PROVIDERS THAT ARE ISSUED TO FINANCE WATER SUPPLY
19 DEVELOPMENT PROJECTS AND WATERSHED IMPROVEMENT PROJECTS.

20 ~~5-~~ 7. Provide linked deposit guarantees through third party lenders
21 to political subdivisions, ~~and~~ drinking water facilities AND WATER PROVIDERS.

22 ~~6-~~ 8. Apply for, accept and administer grants and other financial
23 assistance from the United States government and from other public and
24 private sources.

25 ~~7-~~ 9. Enter into capitalization grant agreements with the United
26 States environmental protection agency.

27 ~~8-~~ 10. Adopt rules pursuant to title 41, chapter 6 governing the
28 application for and awarding of wastewater treatment facility, drinking water
29 facility and nonpoint source project financial assistance under this ~~article~~
30 CHAPTER, the administration of the clean water revolving fund and the
31 drinking water revolving fund and the issuance of water quality bonds.

32 ~~9-~~ 11. Hire a director and staff for the authority.

33 ~~10-~~ 12. Contract for the services of outside advisors, attorneys,
34 consultants and aides reasonably necessary or desirable to allow the
35 authority to adequately perform its duties.

36 ~~11-~~ 13. Contract and incur obligations as reasonably necessary or
37 desirable within the general scope of authority activities and operations to
38 allow the authority to adequately perform its duties.

39 ~~12-~~ 14. Assess financial assistance origination fees and annual fees
40 to cover the reasonable costs of administering the authority and the monies
41 administered by the authority. Any fees collected pursuant to this paragraph
42 constitute governmental revenue and may be used for any purpose consistent
43 with the mission and objectives of the authority.

44 ~~13-~~ 15. Perform any function of a fund manager under the CERCLA
45 Brownfields cleanup revolving loan fund program as requested by the

1 department. The board shall perform any action authorized under this article
2 on behalf of the Brownfields cleanup revolving loan fund program established
3 pursuant to chapter 2, article 1.1 of this title at the request of the
4 department. In order to perform these functions, the board shall enter into
5 a written agreement with the department.

6 ~~14.~~ 16. Provide grants, staff assistance or technical assistance in
7 the form of loan repayment agreements and other professional assistance to
8 political subdivisions, any county with a population of less than five
9 hundred thousand persons, Indian tribes and community water systems in
10 connection with the development or financing of wastewater, drinking water,
11 water reclamation or related water infrastructure. Assistance provided under
12 a technical assistance loan repayment agreement shall be in a form and under
13 terms determined by the authority and shall be repaid not more than three
14 years after the date that the monies are advanced to the applicant. The
15 provision of technical assistance by the authority does not create any
16 liability for the authority or this state regarding the design, construction
17 or operation of any infrastructure project.

18 17. PROVIDE GRANTS, STAFF ASSISTANCE OR TECHNICAL ASSISTANCE IN THE
19 FORM OF LOAN REPAYMENT AGREEMENTS AND OTHER PROFESSIONAL ASSISTANCE TO WATER
20 PROVIDERS IN CONNECTION WITH THE PLANNING OR DESIGN OF WATER SUPPLY
21 DEVELOPMENT PROJECTS AND WATERSHED IMPROVEMENT PROJECTS AS DETERMINED BY THE
22 COMMITTEES PURSUANT TO SECTION 49-1274. A SINGLE GRANT SHALL NOT EXCEED ONE
23 HUNDRED THOUSAND DOLLARS. ASSISTANCE PROVIDED UNDER A TECHNICAL ASSISTANCE
24 LOAN REPAYMENT AGREEMENT SHALL BE IN A FORM AND UNDER TERMS DETERMINED BY THE
25 COMMITTEES AND SHALL BE REPAYED NOT MORE THAN THREE YEARS AFTER THE DATE THAT
26 THE MONIES ARE ADVANCED TO THE APPLICANT. THE PROVISION OF TECHNICAL
27 ASSISTANCE BY THE AUTHORITY OR THE COMMITTEES DOES NOT CREATE ANY LIABILITY
28 FOR THE AUTHORITY, THE COMMITTEES OR THIS STATE REGARDING THE DESIGN,
29 CONSTRUCTION OR OPERATION OF ANY WATER SUPPLY DEVELOPMENT PROJECT.

30 C. THE AUTHORITY, THROUGH THE COMMITTEES, MAY:

31 1. ADOPT RULES PURSUANT TO TITLE 41, CHAPTER 6 GOVERNING THE
32 APPLICATION FOR AND AWARDING OF WATER SUPPLY DEVELOPMENT FUND AND WATERSHED
33 IMPROVEMENT PROJECT FINANCIAL ASSISTANCE UNDER THIS CHAPTER AND THE
34 ADMINISTRATION OF THE WATER SUPPLY DEVELOPMENT REVOLVING FUND.

35 2. APPOINT A TECHNICAL ADVISORY SUBCOMMITTEE OF NOT MORE THAN FIVE
36 PERSONS WITH EXPERTISE IN WATER RESOURCE PLANNING AND DEVELOPMENT TO ADVISE
37 THE COMMITTEES REGARDING THE TECHNICAL FEASIBILITY OF WATER SUPPLY
38 DEVELOPMENT PROJECTS.

39 ~~C.~~ D. The board shall deposit, pursuant to sections 35-146 and
40 35-147, any monies received pursuant to subsection B, paragraph ~~6~~ 8 of this
41 section in the appropriate fund as prescribed by the grant or other financial
42 assistance agreement.

43 ~~D.~~ E. Disbursements of monies by the water infrastructure finance
44 authority pursuant to a financial assistance agreement are not subject to
45 title 41, chapter 23.

1 ~~E.~~ F. For THE purposes of the safe drinking water act, the department
2 of environmental quality is the state agency with primary responsibility for
3 administration of this state's public water system supervision program and,
4 in consultation with other appropriate state agencies, is the lead agency in
5 establishing assistance priorities as prescribed by section 49-1243,
6 subsection A, paragraph 6 and section 49-1244, subsection B, paragraph 3.

7 ~~F.~~ G. For THE purposes of this section, "CERCLA" has the same meaning
8 prescribed in section 49-201.

9 Sec. 5. Heading change

10 The article heading of title 49, chapter 8, article 2, Arizona Revised
11 Statutes, is changed from "FINANCIAL PROVISIONS" to "CLEAN WATER REVOLVING
12 FUND, DRINKING WATER REVOLVING FUND AND HARSHIP GRANT FUND FINANCIAL
13 PROVISIONS."

14 Sec. 6. Section 49-1261, Arizona Revised Statutes, is amended to read:
15 49-1261. Water quality bonds

16 A. The authority, through the board of directors, may issue negotiable
17 water quality bonds in a principal amount that in its opinion is necessary to
18 provide sufficient monies for financial assistance under this ~~chapter~~
19 ~~ARTICLE~~, maintaining sufficient reserves to secure the bonds, to pay the
20 necessary costs of issuing, selling and redeeming the bonds and to pay other
21 expenditures of the authority incidental to and necessary and convenient to
22 carry out the purposes of this article.

23 B. The board must authorize the bonds by resolution. The resolution
24 shall prescribe:

- 25 1. The rate or rates of interest and the denominations of the bonds.
- 26 2. The date or dates of the bonds and maturity.
- 27 3. The coupon or registered form of the bonds.
- 28 4. The manner of executing the bonds.
- 29 5. The medium and place of payment.
- 30 6. The terms of redemption.

31 C. The bonds shall be sold at public or private sale at the price and
32 on the terms determined by the board. All proceeds from the issuance of
33 bonds shall be deposited in the appropriate accounts of the funds
34 administered by the board.

35 D. The board shall publish a notice of its intention to issue bonds
36 under this article for at least five consecutive days in a newspaper
37 published in this state. The last day of publication must be at least ten
38 days before issuing the bonds. The notice shall state the amount of the
39 bonds to be sold and the intended date of issuance. A copy of the notice
40 shall be hand delivered or sent, by certified mail, return receipt requested,
41 to the director of the department of administration on or before the last day
42 of publication.

43 E. To secure any bonds authorized by this section, the board by
44 resolution may:

1 1. Provide that bonds issued under this section may be secured by a
2 first lien on all or part of the monies paid into the appropriate account or
3 subaccount of the funds administered by the authority.

4 2. Pledge or assign to or in trust for the benefit of the holder or
5 holders of the bonds any part or appropriate account or subaccount of the
6 monies in the funds as is necessary to pay the principal and interest of the
7 bonds as they come due.

8 3. Set aside, regulate and dispose of reserves and sinking funds.

9 4. Provide that sufficient amounts of the proceeds from the sale of
10 the bonds may be used to fully or partly fund any reserves or sinking funds
11 set up by the bond resolution.

12 5. Prescribe the procedure, if any, by which the terms of any contract
13 with bondholders may be amended or abrogated, the amount of bonds the holders
14 of which must consent to and the manner in which consent may be given.

15 6. Provide for payment from the proceeds of the sale of the bonds of
16 all legal and financial expenses incurred by the board in issuing, selling,
17 delivering and paying the bonds.

18 7. Do any other matters that in any way may affect the security and
19 protection of the bonds.

20 F. The members of the board or any person executing the bonds are not
21 personally liable for the payment of the bonds. The bonds are valid and
22 binding obligations notwithstanding that before the delivery of the bonds any
23 of the persons whose signatures appear on the bonds cease to be members of
24 the board. From and after the sale and delivery of the bonds, they are
25 incontestable by the board.

26 G. The board, out of any available monies, may purchase bonds, which
27 may be canceled, at a price not exceeding either of the following:

28 1. If the bonds are then redeemable, the redemption price then
29 applicable plus accrued interest to the next interest payment date.

30 2. If the bonds are not then redeemable, the redemption price
31 applicable on the first date after purchase on which the bonds become subject
32 to redemption plus accrued interest to that date.

33 Sec. 7. Section 49-1263, Arizona Revised Statutes, is amended to read:

34 49-1263. Bond obligations of the authority

35 Bonds issued under this ~~chapter~~ ARTICLE are obligations of the water
36 infrastructure finance authority of Arizona, are payable only according to
37 their terms and are not obligations general, special or otherwise of this
38 state. The bonds do not constitute a legal debt of this state and are not
39 enforceable against this state. Payment of the bonds is not enforceable out
40 of any state monies other than the income and revenue pledged and assigned
41 to, or in trust for the benefit of, the holder or holders of the bonds.

42 Sec. 8. Section 49-1264, Arizona Revised Statutes, is amended to read:

43 49-1264. Certification of bonds by attorney general

44 The board may submit any water quality bonds issued under this ~~chapter~~
45 ARTICLE to the attorney general after all proceedings for their authorization

1 have been completed. On submission the attorney general shall examine and
2 pass on the validity of the bonds and the regularity of the proceedings. If
3 the proceedings comply with this article, and if the attorney general
4 determines that, when delivered and paid for, the bonds will constitute
5 binding and legal obligations of the board, the attorney general shall
6 certify on the back of each bond, in substance, that it is issued according
7 to the constitution and laws of this state.

8 Sec. 9. Section 49-1265, Arizona Revised Statutes, is amended to read:
9 49-1265. Water quality bonds as legal investments

10 Water quality bonds issued under this ~~chapter~~ ARTICLE are securities in
11 which public officers and bodies of this state and of municipalities and
12 political subdivisions of this state, all companies, associations and other
13 persons carrying on an insurance business, all financial institutions,
14 investment companies and other persons carrying on a banking business, all
15 fiduciaries and all other persons who are authorized to invest in obligations
16 of this state may properly and legally invest. The bonds are also securities
17 that may be deposited with public officers or bodies of this state and
18 municipalities and political subdivisions of this state for purposes that
19 require the deposit of state bonds or obligations.

20 Sec. 10. Section 49-1267, Arizona Revised Statutes, is amended to
21 read:

22 49-1267. Hardship grant fund

23 A. The hardship grant fund is established to be administered by the
24 authority AND consisting of:

25 1. Monies received for that purpose from the United States government,
26 including monies that are awarded to this state pursuant to title II of the
27 clean water act and that are no longer obligated to the construction grants
28 program.

29 2. Gifts, grants and other donations received for that purpose from
30 public or private sources.

31 3. Monies appropriated by the legislature for the hardship grant
32 program.

33 B. Monies in the fund are continuously appropriated and are exempt
34 from the provisions of section 35-190 relating to lapsing of appropriations.

35 C. The board shall administer the fund pursuant to rule and in
36 compliance with this section and guidance from the United States government.

37 D. Monies in the fund may be used for the following purposes:

38 1. Providing hardship grants to political subdivisions or Indian
39 tribes to plan, design, acquire, construct or improve wastewater collection
40 and treatment facilities.

41 2. Providing training and technical assistance related to the
42 operation and maintenance of wastewater systems.

43 E. The board shall use the monies and other assets in the fund only
44 for the purposes authorized by this ~~chapter~~ ARTICLE.

1 F. The board shall establish a hardship grant program account and as
2 many other accounts and subaccounts as required to administer the hardship
3 grant fund.

4 G. All proceeds of hardship grant program monies that are received
5 from the United States shall be deposited in the hardship grant fund and
6 shall be used only to provide grants and technical assistance to political
7 subdivisions or Indian tribes to plan, design, acquire, construct or improve
8 wastewater collection and treatment facilities.

9 Sec. 11. Title 49, chapter 8, Arizona Revised Statutes, is amended by
10 adding article 3, to read:

11 ARTICLE 3. WATER SUPPLY DEVELOPMENT

12 REVOLVING FUND FINANCIAL PROVISIONS

13 49-1271. Water supply development revolving fund; legislative
14 intent

15 A. THE WATER SUPPLY DEVELOPMENT REVOLVING FUND IS ESTABLISHED TO BE
16 MAINTAINED IN PERPETUITY AND CONSISTING OF:

17 1. MONIES RECEIVED FROM THE ISSUANCE AND SALE OF WATER SUPPLY
18 DEVELOPMENT BONDS UNDER SECTION 49-1278.

19 2. MONIES APPROPRIATED BY THE LEGISLATURE TO THE WATER SUPPLY
20 DEVELOPMENT REVOLVING FUND.

21 3. MONIES RECEIVED FOR WATER SUPPLY DEVELOPMENT PURPOSES FROM THE
22 UNITED STATES GOVERNMENT.

23 4. MONIES RECEIVED FROM WATER PROVIDERS AS LOAN REPAYMENTS, INTEREST
24 AND PENALTIES.

25 5. INTEREST AND OTHER INCOME RECEIVED FROM INVESTING MONIES IN THE
26 FUND.

27 6. GIFTS, GRANTS AND DONATIONS RECEIVED FOR WATER SUPPLY DEVELOPMENT
28 PURPOSES FROM ANY PUBLIC OR PRIVATE SOURCE.

29 B. MONIES IN THE FUND ARE CONTINUOUSLY APPROPRIATED AND ARE EXEMPT
30 FROM THE PROVISIONS OF SECTION 35-190 RELATING TO LAPSING OF APPROPRIATIONS.

31 C. THE LEGISLATURE FINDS THAT MANY WATER PROVIDERS IN THIS STATE,
32 PARTICULARLY IN RURAL AREAS, LACK ACCESS TO SUFFICIENT WATER SUPPLIES TO MEET
33 THEIR LONG-TERM WATER DEMANDS AND NEED FINANCIAL ASSISTANCE TO CONSTRUCT
34 WATER SUPPLY PROJECTS AND WATERSHED IMPROVEMENT PROJECTS AND OBTAIN
35 ADDITIONAL WATER SUPPLIES. IT IS THE INTENT OF THE LEGISLATURE THAT THE
36 WATER SUPPLY DEVELOPMENT REVOLVING FUND ESTABLISHED BY THIS SECTION BE USED
37 TO PROVIDE FINANCIAL ASSISTANCE TO THESE WATER PROVIDERS UNDER THE TERMS SET
38 FORTH IN THIS ARTICLE.

39 49-1272. Water supply development revolving fund;
40 administration

41 A. THE BOARD SHALL ADMINISTER THE WATER SUPPLY DEVELOPMENT REVOLVING
42 FUND.

43 B. ON NOTICE FROM THE BOARD, THE STATE TREASURER SHALL INVEST AND
44 DIVEST MONIES IN THE FUND AS PROVIDED BY SECTION 35-313, AND MONIES EARNED
45 FROM INVESTMENT SHALL BE CREDITED TO THE FUND.

1 C. MONIES AND OTHER ASSETS IN THE FUND SHALL BE USED SOLELY FOR THE
2 PURPOSES AUTHORIZED BY THIS ARTICLE.

3 49-1273. Water supply development revolving fund; purposes;
4 limitation; allocation

5 A. MONIES IN THE WATER SUPPLY DEVELOPMENT REVOLVING FUND MAY BE USED
6 FOR THE FOLLOWING PURPOSES:

7 1. MAKING WATER SUPPLY DEVELOPMENT LOANS TO WATER PROVIDERS IN THIS
8 STATE UNDER SECTION 49-1274 FOR WATER SUPPLY DEVELOPMENT PURPOSES OR
9 WATERSHED IMPROVEMENT PURPOSES.

10 2. MAKING LOANS OR GRANTS TO WATER PROVIDERS FOR THE PLANNING OR
11 DESIGN OF WATER SUPPLY DEVELOPMENT PROJECTS OR WATERSHED IMPROVEMENT
12 PROJECTS. A SINGLE GRANT SHALL NOT EXCEED ONE HUNDRED THOUSAND DOLLARS.

13 3. PURCHASING OR REFINANCING DEBT OBLIGATIONS OF WATER PROVIDERS AT OR
14 BELOW MARKET RATE IF THE DEBT OBLIGATION WAS ISSUED FOR WATER SUPPLY
15 DEVELOPMENT PURPOSES OR WATERSHED IMPROVEMENT PURPOSES.

16 4. PROVIDING FINANCIAL ASSISTANCE TO WATER PROVIDERS WITH BONDING
17 AUTHORITY TO PURCHASE INSURANCE FOR LOCAL BOND OBLIGATIONS INCURRED BY THEM
18 FOR WATER SUPPLY DEVELOPMENT PURPOSES OR WATERSHED IMPROVEMENT PURPOSES.

19 5. PAYING THE COSTS TO ADMINISTER THE FUND.

20 6. PROVIDING LINKED DEPOSIT GUARANTEES THROUGH THIRD PARTY LENDERS BY
21 DEPOSITING MONIES WITH THE LENDER ON THE CONDITION THAT THE LENDER MAKE A
22 LOAN ON TERMS APPROVED BY THE COMMITTEE, AT A RATE OF RETURN ON THE DEPOSIT
23 APPROVED BY THE COMMITTEE AND THE STATE TREASURER AND BY GIVING THE LENDER
24 RECOURSE AGAINST THE DEPOSIT OF LOAN REPAYMENTS THAT ARE NOT MADE WHEN DUE.

25 B. IF THE MONIES PLEDGED TO SECURE WATER SUPPLY DEVELOPMENT BONDS
26 ISSUED PURSUANT TO SECTION 49-1278 BECOME INSUFFICIENT TO PAY THE PRINCIPAL
27 AND INTEREST ON THE WATER SUPPLY DEVELOPMENT BONDS GUARANTEED BY THE WATER
28 SUPPLY DEVELOPMENT REVOLVING FUND, THE AUTHORITY SHALL DIRECT THE STATE
29 TREASURER TO LIQUIDATE SECURITIES IN THE FUND AS MAY BE NECESSARY AND SHALL
30 APPLY THOSE PROCEEDS TO MAKE CURRENT ALL PAYMENTS THEN DUE ON THE BONDS. THE
31 STATE TREASURER SHALL IMMEDIATELY NOTIFY THE ATTORNEY GENERAL AND AUDITOR
32 GENERAL OF THE INSUFFICIENCY. THE AUDITOR GENERAL SHALL AUDIT THE
33 CIRCUMSTANCES SURROUNDING THE DEPLETION OF THE FUND AND REPORT THE FINDINGS
34 TO THE ATTORNEY GENERAL. THE ATTORNEY GENERAL SHALL CONDUCT AN INVESTIGATION
35 AND REPORT THOSE FINDINGS TO THE GOVERNOR AND THE LEGISLATURE.

36 C. MONIES IN THE WATER SUPPLY DEVELOPMENT REVOLVING FUND SHALL NOT BE
37 USED TO PROVIDE FINANCIAL ASSISTANCE TO A WATER PROVIDER, OTHER THAN AN
38 INDIAN TRIBE, UNLESS ONE OF THE FOLLOWING APPLIES:

39 1. THE BOARD OF SUPERVISORS OF THE COUNTY IN WHICH THE WATER PROVIDER
40 IS LOCATED HAS ADOPTED THE PROVISION AUTHORIZED BY SECTION 11-806.01,
41 SUBSECTION F.

42 2. THE WATER PROVIDER IS LOCATED IN A CITY OR TOWN AND THE LEGISLATIVE
43 BODY OF THE CITY OR TOWN HAS ENACTED THE ORDINANCE AUTHORIZED BY SECTION
44 9-463.01, SUBSECTION O.

1 (a) EXISTING, NEAR-TERM AND LONG-TERM WATER DEMANDS OF THE WATER
2 PROVIDER COMPARED TO THE EXISTING WATER SUPPLIES OF THE WATER PROVIDER.

3 (b) EXISTING AND PLANNED CONSERVATION AND WATER MANAGEMENT PROGRAMS OF
4 THE WATER PROVIDER.

5 (c) BENEFITS OF THE PROJECT.

6 (d) THE SUSTAINABILITY OF THE WATER SUPPLY TO BE DEVELOPED THROUGH THE
7 PROJECT.

8 (e) THE WATER PROVIDER'S NEED FOR FINANCIAL ASSISTANCE.

9 (f) THE COST-EFFECTIVENESS OF THE PROJECT.

10 C. THE COMMITTEES SHALL REVIEW ON ITS MERITS EACH APPLICATION RECEIVED
11 AND SHALL INFORM THE APPLICANT OF THE COMMITTEE'S DETERMINATION WITHIN NINETY
12 DAYS AFTER RECEIPT OF A COMPLETE AND CORRECT APPLICATION. IF THE APPLICATION
13 IS NOT APPROVED, THE COMMITTEE SHALL NOTIFY THE APPLICANT, STATING THE
14 REASONS. IF THE APPLICATION IS APPROVED, THE COMMITTEE MAY CONDITION THE
15 APPROVAL ON ASSURANCES THE COMMITTEE DEEMS NECESSARY TO ENSURE THAT THE
16 FINANCIAL ASSISTANCE WILL BE USED ACCORDING TO LAW AND THE TERMS OF THE
17 APPLICATION.

18 D. THE URBAN WATER SUPPLY DEVELOPMENT FUND COMMITTEE SHALL REVIEW
19 APPLICATIONS FOR PROJECTS IN THE CENTRAL ARIZONA PROJECT SERVICE AREA AND THE
20 RURAL WATER SUPPLY DEVELOPMENT FUND COMMITTEE SHALL REVIEW APPLICATIONS FOR
21 PROJECTS OUTSIDE OF THE CENTRAL ARIZONA PROJECT SERVICE AREA.

22 E. ON APPROVAL OF AN APPLICATION UNDER THIS SECTION BY A COMMITTEE,
23 THE AUTHORITY SHALL USE MONIES IN THE WATER SUPPLY DEVELOPMENT REVOLVING FUND
24 TO FINANCE THE PROJECT.

25 49-1275. Water supply development revolving fund financial
26 assistance: terms

27 A. A LOAN FROM THE WATER SUPPLY DEVELOPMENT REVOLVING FUND SHALL BE
28 EVIDENCED BY BONDS, IF THE WATER PROVIDER HAS BONDING AUTHORITY, OR BY A
29 FINANCIAL ASSISTANCE AGREEMENT, DELIVERED TO AND HELD BY THE AUTHORITY.

30 B. A LOAN UNDER THIS SECTION SHALL:

31 1. BE REPAYED NOT MORE THAN FIFTY YEARS AFTER THE DATE INCURRED.

32 2. REQUIRE THAT INTEREST PAYMENTS BEGIN NOT LATER THAN THE NEXT DATE
33 THAT EITHER PRINCIPAL OR INTEREST MUST BE PAID BY THE AUTHORITY TO THE
34 HOLDERS OF ANY OF THE AUTHORITY'S BONDS THAT PROVIDED FUNDING FOR THE LOAN.
35 IF THE LOAN IS FOR CONSTRUCTION OF WATER SUPPLY DEVELOPMENT FACILITIES, THE
36 AUTHORITY MAY PROVIDE THAT LOAN INTEREST ACCRUING DURING CONSTRUCTION AND ONE
37 YEAR AFTER COMPLETION OF THE CONSTRUCTION BE CAPITALIZED IN THE LOAN.

38 3. BE CONDITIONED ON THE ESTABLISHMENT OF A DEDICATED REVENUE SOURCE
39 FOR REPAYING THE LOAN.

40 C. THE AUTHORITY, THROUGH THE COMMITTEES, SHALL PRESCRIBE THE RATE OF
41 INTEREST ON LOANS MADE UNDER THIS SECTION, BUT THE RATE SHALL NOT EXCEED THE
42 PREVAILING MARKET RATE FOR SIMILAR TYPES OF LOANS. THE AUTHORITY, THROUGH
43 THE COMMITTEES, MAY ALSO PROVIDE FOR FLEXIBLE INTEREST RATES AND INTEREST
44 FREE LOANS UNDER RULES ADOPTED BY THE AUTHORITY, THROUGH THE COMMITTEES. ALL
45 FINANCIAL ASSISTANCE AGREEMENTS OR BONDS OF A WATER PROVIDER SHALL CLEARLY

1 SPECIFY THE AMOUNT OF PRINCIPAL AND INTEREST AND ANY REDEMPTION PREMIUM THAT
2 IS DUE ON ANY PAYMENT DATE.

3 D. THE APPROVAL OF A LOAN IS CONDITIONED ON A WRITTEN COMMITMENT BY
4 THE WATER PROVIDER TO COMPLETE ALL APPLICABLE REVIEWS AND APPROVALS AND TO
5 SECURE ALL REQUIRED PERMITS IN A TIMELY MANNER.

6 E. A LOAN MADE TO A WATER PROVIDER UNDER THIS SECTION MAY BE SECURED
7 ADDITIONALLY BY AN IRREVOCABLE PLEDGE OF ANY SHARED STATE REVENUES DUE TO THE
8 WATER PROVIDER FOR THE DURATION OF THE LOAN AS PRESCRIBED BY A RESOLUTION OF
9 A COMMITTEE. IF THE COMMITTEE REQUIRES AN IRREVOCABLE PLEDGE OF THE SHARED
10 STATE REVENUES FOR FINANCIAL ASSISTANCE LOAN REPAYMENT AGREEMENTS, THE
11 AUTHORITY SHALL ENTER INTO AN INTERCREDITOR AGREEMENT WITH THE GREATER
12 ARIZONA DEVELOPMENT AUTHORITY TO DEFINE THE ALLOCATION OF SHARED STATE
13 REVENUES IN RELATION TO INDIVIDUAL BORROWERS. IF A PLEDGE IS REQUIRED AND A
14 WATER PROVIDER FAILS TO MAKE ANY PAYMENT DUE TO THE AUTHORITY UNDER ITS LOAN
15 REPAYMENT AGREEMENT OR BONDS, THE AUTHORITY SHALL CERTIFY TO THE STATE
16 TREASURER AND NOTIFY THE GOVERNING BODY OF THE DEFAULTING WATER PROVIDER THAT
17 THE WATER PROVIDER HAS FAILED TO MAKE THE REQUIRED PAYMENT AND SHALL DIRECT A
18 WITHHOLDING OF STATE SHARED REVENUES AS PRESCRIBED IN SUBSECTION F OF THIS
19 SECTION. THE CERTIFICATE OF DEFAULT SHALL BE IN THE FORM DETERMINED BY THE
20 AUTHORITY, EXCEPT THAT THE CERTIFICATE SHALL SPECIFY THE AMOUNT REQUIRED TO
21 SATISFY THE UNPAID PAYMENT OBLIGATION OF THE WATER PROVIDER.

22 F. ON RECEIPT OF A CERTIFICATE OF DEFAULT FROM THE AUTHORITY, THE
23 STATE TREASURER, TO THE EXTENT NOT EXPRESSLY PROHIBITED BY LAW, SHALL
24 WITHHOLD ANY MONIES DUE TO THE DEFAULTING WATER PROVIDER FROM THE NEXT
25 SUCCEEDING DISTRIBUTION OF MONIES PURSUANT TO SECTION 42-5029. IN THE CASE
26 OF A CITY OR TOWN, THE STATE TREASURER SHALL ALSO WITHHOLD FROM THE MONIES
27 DUE TO THE DEFAULTING CITY OR TOWN FROM THE NEXT SUCCEEDING DISTRIBUTION OF
28 MONIES PURSUANT TO SECTION 43-206 THE AMOUNT SPECIFIED IN THE CERTIFICATE OF
29 DEFAULT AND SHALL IMMEDIATELY DEPOSIT THE MONIES IN THE WATER SUPPLY
30 DEVELOPMENT REVOLVING FUND. THE STATE TREASURER SHALL CONTINUE TO WITHHOLD
31 AND DEPOSIT MONIES UNTIL THE AUTHORITY CERTIFIES TO THE STATE TREASURER THAT
32 THE DEFAULT HAS BEEN CURED. THE STATE TREASURER SHALL NOT WITHHOLD ANY
33 AMOUNT THAT IS NECESSARY TO MAKE ANY REQUIRED DEPOSITS THEN DUE FOR THE
34 PAYMENT OF PRINCIPAL AND INTEREST ON BONDS OF THE WATER PROVIDER IF SO
35 CERTIFIED BY THE DEFAULTING WATER PROVIDER TO THE STATE TREASURER AND THE
36 AUTHORITY. THE WATER PROVIDER SHALL NOT CERTIFY DEPOSITS AS NECESSARY FOR
37 PAYMENT FOR BONDS UNLESS THE BONDS WERE ISSUED BEFORE THE DATE OF THE LOAN
38 REPAYMENT AGREEMENT AND THE BONDS WERE SECURED BY A PLEDGE OF DISTRIBUTION
39 MADE PURSUANT TO SECTIONS 42-5029 AND 43-206.

40 49-1276. Enforcement; attorney general

41 THE ATTORNEY GENERAL MAY TAKE ACTIONS NECESSARY TO ENFORCE THE LOAN
42 CONTRACT AND ACHIEVE REPAYMENT OF LOANS PROVIDED BY THE AUTHORITY PURSUANT TO
43 SECTIONS 49-1274 AND 49-1275.

1 49-1277. Water supply development bonds

2 A. ON THE APPROVAL OF A COMMITTEE, THE AUTHORITY, THROUGH THE BOARD OF
3 DIRECTORS, MAY ISSUE NEGOTIABLE WATER SUPPLY DEVELOPMENT BONDS IN A PRINCIPAL
4 AMOUNT THAT IN THE OPINION OF THE COMMITTEE IS NECESSARY TO PROVIDE
5 SUFFICIENT MONIES FOR FINANCIAL ASSISTANCE UNDER THIS ARTICLE, MAINTAINING
6 SUFFICIENT RESERVES TO SECURE THE BONDS, TO PAY THE NECESSARY COSTS OF
7 ISSUING, SELLING AND REDEEMING THE BONDS AND TO PAY OTHER EXPENDITURES OF THE
8 AUTHORITY INCIDENTAL TO AND NECESSARY AND CONVENIENT TO CARRY OUT THE
9 PURPOSES OF THIS ARTICLE. IF APPROVED BY A COMMITTEE, THE BOARD SHALL ISSUE
10 THE BONDS PURSUANT TO SUBSECTIONS C AND D.

11 B. THE BOARD SHALL AUTHORIZE THE BONDS BY RESOLUTION. THE RESOLUTION
12 SHALL PRESCRIBE:

- 13 1. THE RATE OR RATES OF INTEREST AND THE DENOMINATIONS OF THE BONDS.
- 14 2. THE DATE OR DATES OF THE BONDS AND MATURITY.
- 15 3. THE COUPON OR REGISTERED FORM OF THE BONDS.
- 16 4. THE MANNER OF EXECUTING THE BONDS.
- 17 5. THE MEDIUM AND PLACE OF PAYMENT.
- 18 6. THE TERMS OF REDEMPTION.

19 C. THE BONDS SHALL BE SOLD AT PUBLIC OR PRIVATE SALE AT THE PRICE AND
20 ON THE TERMS DETERMINED BY THE BOARD. ALL PROCEEDS FROM THE ISSUANCE OF
21 BONDS SHALL BE DEPOSITED IN THE APPROPRIATE ACCOUNTS OF THE FUNDS
22 ADMINISTERED BY THE AUTHORITY.

23 D. THE BOARD SHALL PUBLISH A NOTICE OF ITS INTENTION TO ISSUE BONDS
24 UNDER THIS ARTICLE FOR AT LEAST FIVE CONSECUTIVE DAYS IN A NEWSPAPER
25 PUBLISHED IN THIS STATE. THE LAST DAY OF PUBLICATION MUST BE AT LEAST TEN
26 DAYS BEFORE ISSUING THE BONDS. THE NOTICE SHALL STATE THE AMOUNT OF THE
27 BONDS TO BE SOLD AND THE INTENDED DATE OF ISSUANCE. A COPY OF THE NOTICE
28 SHALL BE HAND DELIVERED OR SENT, BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED,
29 TO THE DIRECTOR OF THE DEPARTMENT OF ADMINISTRATION ON OR BEFORE THE LAST DAY
30 OF PUBLICATION.

31 E. TO SECURE ANY BONDS AUTHORIZED BY THIS SECTION, THE BOARD BY
32 RESOLUTION MAY:

33 1. PROVIDE THAT BONDS ISSUED UNDER THIS SECTION MAY BE SECURED BY A
34 FIRST LIEN ON ALL OR PART OF THE MONIES PAID INTO THE APPROPRIATE ACCOUNT OR
35 SUBACCOUNT OF THE FUNDS ADMINISTERED BY THE AUTHORITY.

36 2. PLEDGE OR ASSIGN TO OR IN TRUST FOR THE BENEFIT OF THE HOLDER OR
37 HOLDERS OF THE BONDS ANY PART OR APPROPRIATE ACCOUNT OR SUBACCOUNT OF THE
38 MONIES IN THE FUNDS AS IS NECESSARY TO PAY THE PRINCIPAL AND INTEREST OF THE
39 BONDS AS THEY COME DUE.

40 3. SET ASIDE, REGULATE AND DISPOSE OF RESERVES AND SINKING FUNDS.

41 4. PROVIDE THAT SUFFICIENT AMOUNTS OF THE PROCEEDS FROM THE SALE OF
42 THE BONDS MAY BE USED TO FULLY OR PARTLY FUND ANY RESERVES OR SINKING FUNDS
43 SET UP BY THE BOND RESOLUTION.

1 5. PRESCRIBE THE PROCEDURE, IF ANY, BY WHICH THE TERMS OF ANY CONTRACT
2 WITH BONDHOLDERS MAY BE AMENDED OR ABROGATED, THE AMOUNT OF BONDS THE HOLDERS
3 OF WHICH MUST CONSENT TO AND THE MANNER IN WHICH CONSENT MAY BE GIVEN.

4 6. PROVIDE FOR PAYMENT FROM THE PROCEEDS OF THE SALE OF THE BONDS OF
5 ALL LEGAL AND FINANCIAL EXPENSES INCURRED BY THE BOARD IN ISSUING, SELLING,
6 DELIVERING AND PAYING THE BONDS.

7 7. DO ANY OTHER MATTERS THAT IN ANY WAY MAY AFFECT THE SECURITY AND
8 PROTECTION OF THE BONDS.

9 F. ANY MEMBER OF THE BOARD, ANY MEMBER OF A COMMITTEE OR ANY PERSON
10 EXECUTING THE BONDS IS NOT PERSONALLY LIABLE FOR THE PAYMENT OF THE BONDS.
11 THE BONDS ARE VALID AND BINDING OBLIGATIONS NOTWITHSTANDING THAT BEFORE THE
12 DELIVERY OF THE BONDS ANY OF THE PERSONS WHOSE SIGNATURES APPEAR ON THE BONDS
13 CEASE TO BE MEMBERS OF THE BOARD. FROM AND AFTER THE SALE AND DELIVERY OF
14 THE BONDS, THEY ARE INCONTESTABLE BY THE BOARD AND THE COMMITTEES.

15 G. ON APPROVAL OF A COMMITTEE, THE BOARD, OUT OF ANY AVAILABLE MONIES,
16 MAY PURCHASE BONDS, WHICH MAY BE CANCELED, AT A PRICE NOT EXCEEDING EITHER OF
17 THE FOLLOWING:

18 1. IF THE BONDS ARE THEN REDEEMABLE, THE REDEMPTION PRICE THEN
19 APPLICABLE PLUS ACCRUED INTEREST TO THE NEXT INTEREST PAYMENT DATE.

20 2. IF THE BONDS ARE NOT THEN REDEEMABLE, THE REDEMPTION PRICE
21 APPLICABLE ON THE FIRST DATE AFTER PURCHASE ON WHICH THE BONDS BECOME SUBJECT
22 TO REDEMPTION PLUS ACCRUED INTEREST TO THAT DATE.

23 49-1278. Water supply development bonds; purpose

24 A. WATER SUPPLY DEVELOPMENT BONDS MAY BE ISSUED TO PROVIDE FINANCIAL
25 ASSISTANCE UNDER THIS ARTICLE AND TO INCREASE THE CAPITALIZATION OF THE WATER
26 SUPPLY DEVELOPMENT REVOLVING FUND TO ACCOMPLISH THE PURPOSES STATED IN
27 SECTION 49-1273. THESE BONDS MAY BE SECURED BY ANY MONIES RECEIVED OR TO BE
28 RECEIVED IN THE WATER SUPPLY DEVELOPMENT REVOLVING FUND. AMOUNTS IN THE
29 WATER SUPPLY DEVELOPMENT REVOLVING FUND MAY BE USED TO CURE DEFAULTS ON LOANS
30 MADE FROM THE WATER SUPPLY DEVELOPMENT REVOLVING FUND TO THE EXTENT OTHERWISE
31 PERMITTED BY LAW.

32 B. ANY PLEDGE MADE UNDER THIS ARTICLE IS VALID AND BINDING FROM THE
33 TIME THE PLEDGE IS MADE. THE MONIES PLEDGED AND RECEIVED TO BE PLACED IN THE
34 APPROPRIATE FUND ARE IMMEDIATELY SUBJECT TO THE LIEN OF THE PLEDGE WITHOUT
35 ANY FUTURE PHYSICAL DELIVERY OR FURTHER ACT, AND ANY SUCH LIEN OF ANY PLEDGE
36 IS VALID OR BINDING AGAINST ALL PARTIES HAVING CLAIMS OF ANY KIND IN TORT OR
37 CONTRACT OR OTHERWISE AGAINST THE BOARD REGARDLESS OF WHETHER THE PARTIES
38 HAVE NOTICE OF THE LIEN. THE OFFICIAL RESOLUTION OR TRUST INDENTURE OR ANY
39 INSTRUMENT BY WHICH THIS PLEDGE IS CREATED, WHEN PLACED IN THE BOARD'S
40 RECORDS, IS NOTICE TO ALL CONCERNED OF THE CREATION OF THE PLEDGE, AND THOSE
41 INSTRUMENTS NEED NOT BE RECORDED IN ANY OTHER PLACE.

42 C. THE BONDS ISSUED UNDER THIS SECTION, THEIR TRANSFER AND THE INCOME
43 THEY PRODUCE ARE EXEMPT FROM TAXATION BY THIS STATE OR BY ANY POLITICAL
44 SUBDIVISION OF THIS STATE.

1 49-1279. Bond obligations of the authority

2 BONDS ISSUED UNDER THIS ARTICLE ARE OBLIGATIONS OF THE WATER
3 INFRASTRUCTURE FINANCE AUTHORITY OF ARIZONA, ARE PAYABLE ONLY ACCORDING TO
4 THEIR TERMS AND ARE NOT OBLIGATIONS GENERAL, SPECIAL OR OTHERWISE OF THIS
5 STATE. THE BONDS DO NOT CONSTITUTE A LEGAL DEBT OF THIS STATE AND ARE NOT
6 ENFORCEABLE AGAINST THIS STATE. PAYMENT OF THE BONDS IS NOT ENFORCEABLE OUT
7 OF ANY STATE MONIES OTHER THAN THE INCOME AND REVENUE PLEDGED AND ASSIGNED
8 TO, OR IN TRUST FOR THE BENEFIT OF, THE HOLDER OR HOLDERS OF THE BONDS.

9 49-1280. Certification of bonds by attorney general

10 THE BOARD MAY SUBMIT ANY WATER SUPPLY DEVELOPMENT BONDS ISSUED UNDER
11 THIS ARTICLE TO THE ATTORNEY GENERAL AFTER ALL PROCEEDINGS FOR THEIR
12 AUTHORIZATION HAVE BEEN COMPLETED. ON SUBMISSION, THE ATTORNEY GENERAL SHALL
13 EXAMINE AND PASS ON THE VALIDITY OF THE BONDS AND THE REGULARITY OF THE
14 PROCEEDINGS. IF THE PROCEEDINGS COMPLY WITH THIS ARTICLE, AND IF THE
15 ATTORNEY GENERAL DETERMINES THAT, WHEN DELIVERED AND PAID FOR, THE BONDS WILL
16 CONSTITUTE BINDING AND LEGAL OBLIGATIONS OF THE BOARD, THE ATTORNEY GENERAL
17 SHALL CERTIFY ON THE BACK OF EACH BOND, IN SUBSTANCE, THAT IT IS ISSUED
18 ACCORDING TO THE CONSTITUTION AND LAWS OF THIS STATE.

19 49-1281. Water supply development bonds as legal investments

20 WATER SUPPLY DEVELOPMENT BONDS ISSUED UNDER THIS ARTICLE ARE SECURITIES
21 IN WHICH PUBLIC OFFICERS AND BODIES OF THIS STATE AND OF MUNICIPALITIES AND
22 POLITICAL SUBDIVISIONS OF THIS STATE, ALL COMPANIES, ASSOCIATIONS AND OTHER
23 PERSONS CARRYING ON AN INSURANCE BUSINESS, ALL FINANCIAL INSTITUTIONS,
24 INVESTMENT COMPANIES AND OTHER PERSONS CARRYING ON A BANKING BUSINESS, ALL
25 FIDUCIARIES AND ALL OTHER PERSONS WHO ARE AUTHORIZED TO INVEST IN OBLIGATIONS
26 OF THIS STATE MAY PROPERLY AND LEGALLY INVEST. THE BONDS ARE ALSO SECURITIES
27 THAT MAY BE DEPOSITED WITH PUBLIC OFFICERS OR BODIES OF THIS STATE AND
28 MUNICIPALITIES AND POLITICAL SUBDIVISIONS OF THIS STATE FOR PURPOSES THAT
29 REQUIRE THE DEPOSIT OF STATE BONDS OR OBLIGATIONS.

30 49-1282. Agreement of state

31 THIS STATE PLEDGES TO AND AGREES WITH THE HOLDERS OF THE BONDS THAT
32 THIS STATE WILL NOT LIMIT OR ALTER THE RIGHTS VESTED IN THE WATER
33 INFRASTRUCTURE FINANCE AUTHORITY OF ARIZONA OR ANY SUCCESSOR AGENCY TO
34 COLLECT THE MONIES NECESSARY TO PRODUCE SUFFICIENT REVENUE TO FULFILL THE
35 TERMS OF ANY AGREEMENTS MADE WITH THE HOLDERS OF THE BONDS, OR IN ANY WAY
36 IMPAIR THE RIGHTS AND REMEDIES OF THE BONDHOLDERS, UNTIL ALL BONDS ISSUED
37 UNDER THIS ARTICLE, TOGETHER WITH INTEREST, INCLUDING INTEREST ON ANY UNPAID
38 INSTALLMENTS OF INTEREST, AND ALL COSTS AND EXPENSES IN CONNECTION WITH ANY
39 ACTION OR PROCEEDINGS BY OR ON BEHALF OF THE BONDHOLDERS, ARE FULLY MET AND
40 DISCHARGED. THE BOARD AS AGENT FOR THIS STATE MAY INCLUDE THIS PLEDGE AND
41 UNDERTAKING IN ITS RESOLUTIONS AND INDENTURES SECURING ITS BONDS.

1 49-1283. Rural area water replenishment; rules

2 THE DEPARTMENT, WITH ASSISTANCE FROM THE RURAL WATER SUPPLY DEVELOPMENT
3 FUND COMMITTEES, SHALL ADOPT RULES FOR RURAL AREA WATER REPLENISHMENT THAT:

4 1. ALLOW PUBLIC AND PRIVATE ENTITIES TO RECEIVE, COLLECT AND EXPEND
5 MONIES FOR PURPOSES OF INCREASING WATER YIELDS FROM FEDERALLY MANAGED LANDS
6 IN THIS STATE.

7 2. ALLOW EXPENDITURES FOR WATERSHED IMPROVEMENT AND WOODY SPECIES
8 MANAGEMENT PROGRAMS THAT ARE ADMINISTERED BY FEDERAL LAND AND RESOURCE
9 AGENCIES.

10 3. REQUIRE THAT SEVENTY-FIVE PER CENT OF ANY READILY DEMONSTRATED
11 INCREASE IN WATER YIELD FROM THE WATERSHED AS THE RESULT OF A PROJECT OF THE
12 RURAL AREA WATER REPLENISHMENT PROGRAM BE DELIVERED OR CREDITED FOR FUTURE
13 USE BY THE PUBLIC OR PRIVATE ENTITIES THAT PROVIDE THE RESOURCES FOR THE
14 PROJECT, WITH THE REMAINING PERCENTAGE AVAILABLE IN FOR USE IN STREAM OR FOR
15 MAINTAINING WATER RECHARGE.

16 Sec. 12. Initial terms of members of the urban and rural water
17 supply development fund committees

18 A. Notwithstanding section 49-1202, Arizona Revised Statutes, as
19 amended by this act, the initial terms of the urban water supply development
20 fund committee members appointed by the governor are:

- 21 1. Two terms ending _____, 2010.
22 2. Two terms ending _____, 2011.
23 3. Two terms ending _____, 2012.
24 4. Two terms ending _____, 2013.

25 B. Notwithstanding section 49-1202, Arizona Revised Statutes, as
26 amended by this act, the initial terms of the rural water supply development
27 fund committee members appointed by the governor are:

- 28 1. Two terms ending _____, 2011.
29 2. Two terms ending _____, 2012.
30 3. Two terms ending _____, 2013.

31 C. The governor shall make all subsequent appointments as prescribed
32 by statute.

33 Sec. 13. Department of water resources; hydrographic survey
34 reports

35 The department of water resources shall reallocate resources to
36 expedite the production and issuance of hydrographic survey reports required
37 for use in the general stream adjudications of the little Colorado river and
38 Gila river.

39 Sec. 14. Appropriations; water supply development revolving
40 fund; department of water resources rural studies;
41 exemption

42 A. The sum of \$40,000,000 is appropriated from the state general fund
43 in fiscal year 2007-2008 to the water supply development revolving fund
44 established by section 49-1273, Arizona Revised Statutes, as added by this
45 act, to be used as follows:

1 1. \$10,000,000 for use on projects that are located in the central
2 Arizona project service area.
3 2. \$30,000,000 for use on projects that are located outside of the
4 central Arizona project service area.
5 B. The sum of \$250,000 is appropriated from the state general fund in
6 fiscal year 2007-2008 to the department of water resources for purposes of
7 performing studies of potential rural watershed enhancements, water
8 impoundments and water storage facilities.
9 C. The appropriations made in subsections A and B of this section are
10 exempt from the provisions of section 35-190, Arizona Revised Statutes,
11 relating to lapsing of appropriations.
12 Sec. 15. Conditional enactment
13 This act does not become effective unless _____ Bill _____,
14 forty-eighth legislature, first regular session, relating to water adequacy
15 provisions, becomes law.